

Title Pawn Hearing Banks and Banking Subcommittee

Q&A

October 25, 2005, 9:00-11:00 am, 506 Coverdell LOB

Present: Representative/Subcommittee Chairman Calvin Hill, Representative/Committee Chairman James Mills, Representative/Committee Secretary David Knight, Representative Mary Margaret Oliver, Representative Johnny Floyd, Representative Howard Maxwell, Representative Jack Murphy, Representative Bobby Reese, Representative Charles Scheid III, Representative Donna Sheldon

Staff: Richard Ruskell, Legislative Council, Jennifer Nirenberg, Policy Analyst

Chairman/Representative Calvin Hill called the hearing to order at approximately 9:00 am, and Representative James Mills lead the invocation.

*Q: Within HB 864, Is there a period of time that a person could reclaim his vehicle?
Representative Maxwell*

A: There is both a provision for notice to be given and a waiting period for the vehicle to be reclaimed.

*Q: Do you know of any one who can repossess a vehicle in the middle of the night for \$50?
Representative Maxwell*

A: It always costs more than \$50.

*Q: How are the people [owners of the car] notified? [According to HB 864]
Representative Maxwell*

A: It has to be certified mail, and hand delivered.

*Q: [Directed to John Robinson] Is title pawn the only business you are in?
Representative Maxwell*

A: TitleMax is 100% title pawns.

*Q: [Directed to John Robinson] Have you considered offering consumer credit counseling?
Representative Scheid*

A: No, but it is something we would think about. TitleMax is interested in the long-term viability of the industry.

*Q: [Directed to John Robinson] Are you offering 0% interest or zero fees to service members?
Representative Murphy*

A: Service men/women do not pay any fees or interest for the term of their deployment.

Q: [Directed to Angela Caldwell] How were you able to receive proceeds without paying interest?

Representative/Chairman Hill

A: If the title pawn was paid back within 30 days, there was no interest.

Q: [Directed to Catherine Stewart] What type of calls/complaints do you usually receive?

Representative Maxwell

A: All kinds. We do our best to resolve all the complaints amicably, and sometimes we forgive the debt/payment completely.

Q: [Directed to John Robinson] How are you able to offer zero percent interest? How many customers pay it back within 30 days?

Representative/Chairman Hill

A: TitleMax offers zero percent interest to new customers who pay back their proceeds within 30 days. 20-30% of the customers pay it back within this time frame.

Q:[Directed to Mike Moore] If there were a 5% cap on the interest rate, do you know of any title pawn businesses that could operate?

Representative Mills

A: No, only if the business could simply place the car “behind a fence.” This would then be a regular pawn transaction, not a title pawn.

Q: [Directed to Mike Moore] Do you ever turn anyone down for a title pawn?

Representative Maxwell

A: We often reduce the proceeds they are seeking, for example from \$500 to \$200.

Q: [Directed to Bill Valencia] Do you offer consumer credit counseling? How are you able to offer zero percent interest and forgive payment?

Representative Scheid

A: We do not offer consumer counseling. If the customer is on the books long enough, we sometimes forgive payment/make exceptions.

Q: [Directed to Bill Valencia] Out of the vehicles you repossess, how often do you have a windfall?

Representative Mills

A: One out of ten repossessions realizes a profit.

Q: [Directed to Danny Orrock] Do you believe HB 864 would have solved Tia Hinton’s problem?

Representative/Chairman Hill

A: Yes, because the proceeds from the [assumed sale of her car] would have been returned.

Q: [Directed to Danny Orrock] Do you think it's fair for a title pawnholder to repossess a vehicle?

Representative Murphy

A: If it is done in a fair manner, with the extra proceeds from the sale returned to the borrower.

Q: [Directed to Danny Orrock] What would have happened to Tia Hinton if she had no title pawn store?

Representative Mills

A: She felt she had no one else to turn to for a loan. Ms. Hinton had left her job to embark on a real estate career and she didn't yet have a steady income.

Q: [Directed to John Robinson] Was Tia Hinton's title pawn with TitleMax?

Representative Scheid

A: Yes, but I don't have a record of this particular complaint. It is company policy to return the extra proceeds from the sale of a repossessed vehicle. Sometimes the customer's perception of what the vehicle is worth is very different from the actual value. We tend to auction off the vehicles, but she would have been able to sell her car [a 1997 BMW] herself at anytime.

Representative/Chairman Calvin Hill adjourned the hearing at approximately 11:30 am.